

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 22-23, 2003

Reference No.: 4.5b.
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Ref: **DRAFT FEDERAL FISCAL YEAR (FFY) 2003-04 BUSINESS PLAN FOR
THE PACIFIC SURFLINER INTERCITY RAIL CORRIDOR**

The Department of Transportation (Department) prepares the Pacific Surfliner Business Plan in accordance with the Supplemental Report of the 2002 Budget Act that directs the Department to prepare annually by April 1, for the Legislature and the Secretary for Business, Transportation and Housing, a business plan for each intercity rail corridor it administers. These plans present the Department's short-term operational and capital plans for each corridor administered by the State for the next contract year. Long-range ten-year plans for State-supported intercity passenger rail service in California are included in the California State Rail Plan 2001-02 – 2010-11, on which the Commission provided advice and consent at its February 2002 meeting.

At the Commission's request, the Department is presenting this draft Pacific Surfliner business plan to the Commission for review. This plan was prepared prior to the Governor's December 2002 Mid-Year Spending Reduction Proposals. The document states: "in light of the State's current fiscal situation, the Administration proposes to eliminate General Fund support for the TCRP (Traffic Congestion Relief Program) in the budget year and recapture unused General Fund in the current year." The Commission at their December meeting discussed projections of reduced transportation revenues and tabled all TCRP application proposals, amendment approvals and allocations until February. The Department will update the final business plan, to be released in April 2003, with the most current status of TCRP funded projects.

Also, this draft business plan uses the 2004-05 – 2006-07 performance measures (including assumptions about new service) that were developed by Amtrak, with the Department's concurrence, for the California State Rail Plan 2001-02 – 2010-11. Amtrak and the Department are in the process of revising these performance measures (as well as the 2003-04 measures) in light of the most up-to-date ridership and revenue data on the routes, including the very positive impact of the Rail 2 Rail Program, as well as the current state fiscal situation. Revisions to these measures will be included in the final business plan.

Key elements in the Draft 2003-04 Pacific Surfliner Business Plan are summarized below:

Pacific Surfliner Route (San Luis Obispo –Santa Barbara - Los Angeles – San Diego)

Capital Improvements: Subject to funding availability, the Department will continue to implement track and signal projects to improve on-time performance, reduce running times and improve schedule reliability. Other major projects include environmental and engineering work on run-through tracks at Los Angeles Union Station, triple tracking between Los Angeles and Fullerton, double tracking of bottleneck segments, and construction of a new maintenance facility in the San Diego area. The Department will work with Amtrak to implement a new system of ticket vending machines.

Operating Improvements: The Department will continue to expand the highly successful Rail 2 Rail Program that facilitates transfers between commuter and intercity rail systems. The Department will continue to work with Amtrak to provide more frequent, faster and more reliable service that will increase ridership and revenues. Marketing efforts will include development of strategically targeted fare promotions to increase ridership and revenue. The Department will work with Amtrak and the railroads to improve on-time performance and reliability, to identify areas for cost savings, and to monitor feeder bus performance.

Performance Measures: In the prior year, FFY 2001-02, total route ridership of 1,725,234 was below the standard of 1,732,500 by less than .5 percent, and up from the prior year by five percent. The farebox (revenue to cost) ratio was 52.4 percent (6.1 percentage points lower than the standard of 58.5 percent). Overall, given the general downturn in the economy and the negative effects the events of September 11, 2001, had on travel, the Pacific Surfliners had a fairly strong year in 2001-02.

In the current year, FFY 2002-03, a ridership increase of 7.8 percent from the actual prior year ridership of 1,725,234 to 1,870,900 is projected, with revenues projected to increase by 15.7 percent to \$23,045,000. Ridership from the first two months of the Rail 2 Rail Program has been very positive. If this trend continues, annual ridership on the route will surpass the standard and be the highest in history. In the Plan year, FFY 2003-04, ridership is projected to be the same as the prior year standard while revenues are projected to increase from the prior year standard by 2.3 percent. The standards for FFY 2003-04 are based on preliminary Amtrak estimates completed before the results of the Rail 2 Rail Program were known, and are currently being reviewed by Amtrak.